

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 00183 01 OF 03 210007Z

61

ACTION SS-20

INFO OCT-01 EUR-25 ISO-00 EB-11 SSO-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 FEA-02 INT-08 COME-00

TRSE-00 NEA-10 OMB-01 SCI-06 IO-14 AF-10 INRE-00

DRC-01 AEC-11 AECE-00 AID-20 /182 W
----- 030979

O 202136Z JAN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2526

C O N F I D E N T I A L SECTION 1 OF 3 OTTAWA 0183

STATE ALSO FOR T/IEP--DELIVER OOB MONDAY JANUARY, 21

E.O. 11652: GDS

TAGS: ENRG, CA

SUBJECT: ENERGY: PREPARATIONS FOR INTERNATIONAL ENERGY
CONFERENCE

REF: STATE 12410

1. FOLLOWING CANADIAN ENERGY REPORT IS KEYED TO OUTLINE
CONTAINED REFTEL:

A. GOC HAS WELCOMED CONVENING OF FEBRUARY 11 ENERGY
CONFERENCE. WHEN AMBASSADOR DELIVERED PRESIDENT'S INVI-
TATION TO PRIME MINISTER TRUDEAU ON JANUARY 9, TRUDEAU
SAID HE WAS GRATIFIED THAT U.S. HAD EXERCISED THIS INTER-
NATPONAL LEADERSHIP. THERE HAS BEEN NO USBSEQUENT
OFFICIAL REACTION ON INVITATION DUE IN PART TO PREOCCU-
PATION OF GOC OFFICIALS WITH PREPARATION FOR JANUARY 22-23
FEDERAL-PROVINCIAL ENERGY CONFERENCE IN OTTAWA. HOWEVER,
GOC'S POSTURE AT WASHINGTON CONFERENCE WILL PROBABLY BE
INFLUENCED, INTER ALIA, BY DESIRE TO COOPERATE WITH U.S. BUT AT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00183 01 OF 03 210007Z

SAME TIME DEMONSTRATE ITS INDEPENDENCE AND MAINTWIN ITS FREE-

DOM OF ACTION, BY DESIRE TO BE SEEN AS BASICALLY NEUTRAL ON MIDDLE EAST ISSUES AND AVOID OFFENSE TO ARAB OIL PRODUCERS, AND BY FACT THAT CANADA IS SIGNIFICANT PRODUCING AS WELL AS CONSUMING NATION. EMBASSY WOULD EXPECT, FOR EXAMPLE, THAT GOC WOULD FAVOR OIL PRICE ROLL-BACK IN PRINCIPLE BUT BE HESITANT ABOUT ANY PROPOSALS TO LEAN HEAVILY ON PRODUCERS, SUPPORT EFFORTS TO GET THEM BETTER HANDLE ON ACTIVITIES OF INTERNATIONAL OIL COMPANIES, AND SUPPORT CONCEPT OF COOPERATION IN ENERGY RESOURCE DEVELOPMENT AND EXPLOITATION SUBJECT TO LIMITATIONS ARISING FROM SENSITIVITIES DISCUSSED IN PARAGRAPH B BELOW. CLUE TO BASIC CANADIAN APPROACH CAN BE SEEN IN VIEWS ENUNCIATED BY EXTERNAL AFFAIRS MINISTER SHARP IN COMMENTING EARLIER ON SECRETARY KISSINGER'S ENERGY ACTION GROUP PROPOSAL. IN HIS DECEMBER 28 LETTER TO AMBASSADOR (XULL TEXT IN OTTAWA'S 0015) SHARP DESCRIBED THE EAG PROPOSAL AS "MOST CONSTRUCTIVE" AND HE REFERRED TO ENERGY R AND D AS ONE AREA WHICH HELD OUT PARTICULAR ATTRACTION FOR MULTILATERAL COOPERATION, BUT HE CAUTIONED THAT THE EAG SHOULD SERIOUSLY CONSIDER INVOLVING PRODUCER COUNTRIES IN PROJECTS, WHETHER IN FORM OF TWO-WAY INVESTMENT, TECHNOLOGICAL COOPERATION OR OTHER FORMS OF JOINT VENTURES WHICH WOULD ENSURE DEVELOPMENT TO THE MUTUAL ADVANTAGE OF BOTH PRODUCERS AND CONSUMERS, RATHER THAN APPEARING TO FORM A GROUP AIMED EXCLUSIVELY AT SOLVING THE SUPPLY PROBLEMS OF INDUSTRIALIZED COUNTRIES.

B. SPECIAL ENERGY SENSITIVITIES NOT NECESSARILY IN ORDER OF IMPORTANCE):

(1) AN OVERRIDING CANADIAN CONCERN IS THE DOMINANCE OF FOREIGN CONTROL OF THE CANADIAN ECONOMY, PARTICULARLY IN THE PETROLEUM INDUSTRY. FOREIGN CONTROLLED FIRMS ACCOUNT FOR OVER 19 PERCENT OF THE PETROLEUM INDUSTRY'S ASSETS AND OVER 95 PERCENT OF THEIR SALES. ABOUT 90 PERCENT OF THE INDUSTRY'S ASSETS ARE HELD BY U.S. INTERESTS. (IN THE COAL INDUSTRY THE CURRENT LEVEL OF FOREIGN CONTROL IS ABOUT 73 PERCENT AND OVER 20 PERCENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 00183 01 OF 03 210007Z

OF THE URANIUM INDUSTRY'S ASSETS ARE ALSO UNDER FOREIGN CONTROL.) "FOREIGN CONTROL" IN THE CANADIAN CONTEXT REFERS PRIMARILY TO U.S. INTERESTS. WHILE CANADA RECOGNIZES THE ADVANTAGES FOREIGN INVESTMENT HAS MEANT IN DEVELOPING ITS ENERGY RESOURCES, THERE IS STRONG SUSPICION THAT THE INVESTMENTS HAVE NOT BEEN TRANSLATED INTO FULL POTENTIAL BENEFITS FOR CANADIANS AND, THEREFORE, THERE IS A

STRONG PUSH TOWARD MORE DIRECT GOVERNMENT INVOLVEMENT IN THE DEVELOPMENT AND EXPLOITATION OF ENERGY RESOURCES, FOR GREATER DOMESTIC PROCUREMENT BY THE INDUSTRY, MORE R AND D CONDUCTED IN CANADA, AND A GREATER DEGREE OF SECONDARY PROCESSING. ESSENTIALLY THE POLITICAL AND PSYCHOLOGICAL IMPERATIVE IS FOR CANADIANS TO SEE THEMSELVES AS HAVING THE ABILITY TO DETERMINE THEIR OWN NATIONAL PRIORITIES AND TO CONTROL THEIR OWN ENVIRONMENT.

(2) STEMMING FROM THIS DEEP-SEATED AND HISTORICAL CONCERN OVER FOREIGN CONTROL-- ESSENTIALLY A LOVE-HATE EMOTIONAL STATE --HIS A TOTAL AVERSION IN THE PRESENT DOMESTIC POLITICAL CLIMATE TO ANYTHING DESCRIBED AS A "CONTINENTAL POLICY", WHETHER IT BE FOR ENERGY OR ON ANY OTHER ISSUE AND REGARDLESS OF THE SUBSTANTIVE MERITS. WHILE CANADA IS SELF-SUFFICIENT (NOMINALLY) IN ENERGY PRODUCTION, IT DOES NOT ADMIT THAT IT HAS OR EVER WILL HAVE THE POTENTIAL TO PLAY A MAJOR ROLE IN U.S. NEEDS, LET ALONE THE NEEDS OF THE WORLD. FOR THIS REASON, CANADA BECOMES VERY EDGY WHEN U.S. OR OTHER INTERNATIONAL TALK TURNS TO DEVELOPMENTHOF THE UNREALIZED POTENTIAL OF THE ATHABASCA TAR SANDS AS A MAJOR SOLUTION TO THE ENERGY CRISIS. THIS DOES NOT MEAN THAT CANADA IS UNINTERESTED IN DEVELOPING THE TAR SANDS. IN FACT, SEVERAL BALLOONS HAVE RECENTLY BEEN SENT UP SUGGESTING THAT MASSIVE FOREIGN LOANS FOR DEVELOPMENT OF THIS RESOURCE MIGHT BE WELCOMED AS LONG AS CONTROL OVER THE INVESTMENT REMAINED CANADIAN. THE MAJOR THRUST OF CANNADIAN OPINION, HOWEVER, IS THAT FIRST PRIORITY MUST BE GIVEN TO CAREFUL HUSBANDING OF RESOURCES TO PROVIDE FOR THE

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 OTTAWA 00183 01 OF 03 210007Z

SELF-SUFFICIENCY OF FUTURE (AS WELL AS PRESENT) GENERATIONS OF CANADIANS.

(3) BEING UNIQUE AMONG WESTERN DEVELOPED COUNTRIES (I.E., NOMINALLY SELF-SUFFICIENT IN ENERGY BUT NEVERTHELESS A SUBSTANTIAL IMPORTER OF OIL), CANADA ALSO HAS SPECIAL PROBLEMS RELATING TO ITS FEDERAL-PROVINCIAL RELATIONSHIP. ON THE ONE HAND, THE PRIMARY PRODUCING PRIVINCES (ALBERTA AND SAS-O KATCHEWAN, PRDUCING APPROXIMATELY 85 AND 15 PER-CNET OF DOMESTIC OIL, RESPECTIVELY) SEEK THE HIGHEST POSSIBLE PRICES FOR THEIR OIL. EFFORTS BY THESE PRIVINCZS TO RAISE THEIR PRICES TO INTERNATIONAL MARKET LEVELS HAVE COLLIDED DIRECTLY WITH THE FEDERAL GOVERNMENT'S EFFORTS TO FREEZE DOMESTIC

PRICES AND TO REAP THE PRICE ESCALATION WINDFALL
THROUGH AN EXPORT TAX. ON THE OTHER HAND, OTTAWA
MUST BE SENSITIVE TO THE ECONOMIC CONSEQUENCES BE-
FALLING ITS EASTERN PROVINCES WHICH DEPEND ON IM-
PORTED OIL AND WHOSE ECONOMIES MAY BE VERY ADVERSELY
AFFECTED BY PRICE LEAPS. THIS IS THE NUB OF THE
ISSUES WHICH WILL BE THRASHED OUT AT THE FEDERAL-
PROVINCIAL FIRST PREMIERS' MEETING IN OTTAWA ON

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OTTAWA 00183 02 OF 03 210019Z

61
ACTION SS-20

INFO OCT-01 EUR-25 ISO-00 EB-11 SSO-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 FEA-02 INT-08 COME-00

TRSE-00 NEA-10 OMB-01 SCI-06 IO-14 AF-10 INRE-00

DRC-01 AEC-11 AECE-00 AID-20 /182 W
----- 031038

O 202136Z JAN 74
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 2527

C O N F I D E N T I A L SECTION 2 OF 3 OTTAWA 0183

JANUARY 22-23, I.E. HOW THE BENEFITS OF HIGHER PRICES
FOR OIL EXPORTS ON THE ONE HAND AND THE BURDENS OF
HIGHER PRICES FOR OIL IMPORTS ON THE OTHER HAND
ARE TO BE SHARED AMONG THE PRODUCING AND CONSUMING
REGIONS.

THE BEST WAY TO DEAL WITH THE ABOVE SENSITIVITIES
IS TO RECOGNIZE THEIR POLITICAL AND PSYCHOLOGICAL
IMPORTANCE AND TO TAILOR OUR ACTIONS AND REMARKS
ACCORDINGLY, I.E. TO GIVE THE CANADIAN DELEGATION
A FULL SAY IN THE PROCEEDINGS OF THE CONFERENCE
AND ANY FOLLOW-UP FROM IT AND TO DISCUSS COOPERATION
IN PRAGMATIC CASE-BY-CASE TERMS RATHER THAN IN
TERMS OF A GRAND CONTINENTAL OR GLOBAL DESIGN.

THE CANADIANS MUST BE ABLE TO DEFEND THEMSELVES, IN PARTICULAR, AGAINST ANY ALLEGATIONS THAT OTHERS ARE CALLING THE SHOTS WITH RESPECT TO THE DEVELOPMENT AND USE OF CANADIAN RESOURCES.

C. (1) DOMESTIC OIL PRICES HAVE BEEN "VOLUNTARILY" FROZEN SINCE SEPTEMBER, AND THE HIGHER COST OF OIL IMPORTS (WHICH TAKE PLACE FOR LACK OF A SYSTEM FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00183 02 OF 03 210019Z

TRANSPORTING WESTERN CANADIAN OIL TO THE EAST) IS MORE THAN OFFSET BY THE HIGHER PRICES (RESULTING FROM THE EXPORT TAX SYSTEM IMPOSED IN OCTOBER) CHARGED ON EXPORTS OF CANADIAN OIL TO THE U.S. EFFECTS, THEREFORE, OF THE ENERGY CRISIS ON THE EXPORT-ORIENTED CANADIAN ECONOMY DURING 1974 WILL BE CAUSED INDIRECTLY, MAINLY BY ANY DISLOCATIONS IN THE U.S. CANADA'S OVERWHELMINGLY MAJOR TRADE PARTNER (70 PERCENT OF TOTAL TRADE TURNOVER). ALL CANADIAN FORECASTERS HAVE SCALED DOWN PROSPECTS FOR THE YEAR, BUT EVEN THE MOST PESSIMISTIC ANTICIPATE REAL GROWTH OF 3.5 TO 4 PERCENT. (HOWEVER, MOST ANALYSES ARE MADE ON ASSUMPTION THAT OIL BOYCOTT OF U.S. WILL END DURING FIRST HALF OF 1974.) INFLATION ESTIMATES AVERAGE JUST OVER 8 PERCENT. WITH 15 PERCENT OF GNP ARISING FROM EXPORTS TO U.S., DEMAND CONDITIONS IN U.S. ARE CRITICAL TO FORECAST. CURRENT CONSENSUS IS THAT TOTAL CANADIAN EXPORTS WILL RISE 8 PERCENT (HALF OF 1973 RATE) WHILE IMPORTS WILL RISE BY 9 TO 10 PERCENT (ALSO HALF 1973 RATE). THIS LESS FAVORABLE TRADE BALANCE IS EXPECTED TO RESULT IN DETERIORATION IN CURRENT ACCOUNT FROM ESTIMATED \$1 BILLION DECICIT IN 1973 TO \$1.5 BILLION IN 1974. UNEMPLOYMENT SHOULD RISE TO AVERAGE OF 6 PERCENT IN 1974 FROM 5,6 PERCENT IN 1973 AS LABOR FORCE CONTINUES TO REMAIN AHEAD OF NEW JOB CREATION. AS CAUTIONARY FORECASTING NOTE, POLITICAL DECISIONS TAKEN AT JANUARY 22-23 FEDERAL-PROVINCIAL ENERGY CONFERENCE REGARDING OIL-PRICING AND RECEIPTS-SHARING MAY BE DETERMINING FACTORS IN MANY 1974 ECONOMIC INDICATORS. (FULLER RESPONSE BEING SENT SEPTEL IN RESPONSE STATE 7324.)

EFFECTS OF ENERGY CRISIS ON INTERNAL POLITICAL SITUATION WILL EMERGE IN CLEARER FORM FOLLOWING JANUARY 22-23 FEDERAL-PROVINCIAL ENERGY CONFERENCE IN OTTAWA. TO DATE, CONSIDERABLE ANTAGONISM HAS BUILT UP BETWEEN FEDERAL GOVERNMENT AND PRUDUCING PROVINCES OVER WHO IN EFFECT HAS CONTOL OVER RESOURCES AND WHO SHOULD BENEFIT AND AT WHOSE EX-

PENSE. IT IS ALSO APPARENT THAT THE MINORITY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 00183 02 OF 03 210019Z

LIBERAL GOVERNMENT HAS TAKEN SOME ACTIONS (I.E.,
PROPOSING NATIONAL OIL COMPANY) WHICH HAVE INDUCED
THE NEW DEMOCRATIC PARTY TO CONTINUE ITS SUPPORT IN
THE FACE OF CONSERVATIVE-PROGRESSIVE EFFORTS TO
FORCE NEW ELECTIONS.

IN TERMS OF INTERNATIONAL POSTURE, THE GOC HAS AT-
TEMPTED TO MAINTAIN POSTURE OF NEUTRALITY ON
MIDDLE EAST BUT HAS TAKEN SEVERAL OCCASIONS TO DE-
CLARE PUBLICLY THAT IT WILL NOT BE SUBJECT TO OUT-
SIDE (ARAB) PRESSURES AND THAT IT WILL CONTINUE TO
MAINTAIN ITS TRADITIONAL FRIENDSHIP AND CLOSE TRADE
TIES WITH THE U.S.

(2) LISTED BELOW ARE EFFORTS CANADA HAS MADE TO
DATE IN FACE OF ENERGY CRISIS. IT SHOULD BE NOTED,
HOWEVER, THAT IN SOME CASES IT IS THE EXISTENCE OF
A WORLD ENERGY CRISIS WHICH HAS PROVIDED THE MINORITY
GOVERNMENT WITH A HANDLE TO PROPOSE AND INSTITUTE
MEASURES TOWARD WHICH IT (AND ITS SOCIALISTIC NEW
DEMOCRATIC PARTY ALLIES) LEANED IN THE FIRST IN-
STANCE.

(A) INSTITUTION OF CRUDE AND PRODUCE EXPORT
CONTROLS IN 1973 TO ENSURE CANADIAN NEEDS FIRST.

(B) VOLUNTARY OIL PRICE RESTRAINTS. (SEPTEMBER
1973).

(C) OIL EXPORT TAX INSTITUTED IN OCTOBER 1973 TO
PREVENT HIGHER PRICES IN U.S. MARKET FROM AUTO-
MATICALLY INCREASING PRICES IN CANADIAN MARKET
AND TO PREVENT WINDFALLS ACCRUING TO OIL COM-
PANIES AND PROVINCIAL TREASURIES (THROUGH PRO-
VINCIAL ROYALTY ASSESSMENTS).

(D) ANNOUNCEMENT BY PRIME MINISTER IN DECEMBER
THAT CANADIAN NATIONAL GOAL BY 1980 IS ENERGY SELF-
SUFFICIENCY IN FACT.

(E) DECISION TO EXTEND OIL PIPELINE TO MONTREAL
TO PROVIDE MEASURE OF PROTECTION TO EASTERN
CANADA FROM DEPENDENCE ON IMPORTED CRUDE. EARLIEST
COMPLETION DATE POSSIBLE IS END OF 1975; PIPE-
LINE WILL HAVE MAXIMUM CAPACITY OF 500,000 B/D
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 OTTAWA 00183 02 OF 03 210019Z

WHILE EASTERN REQUIREMENT AT PRESENT IS 950,000
B/D. GOC HAS ALSO INDICATED INTENTION TO PRO-
CEED WITH PLANNING FOR ALL-CANADIAN PIPELINE NET-
WORK FROM COAST-TO-COAST BY END OF DECADE
OR IN EARLY 1980'S
(F) SHIPMENTS OF WESTERN DOMESTIC OIL FROM
VANCOUVER VIA PANAMA CANAL TO EASTERN CANADA.
(G) POLICY ANNOUNCEMENT IN DECEMBER OF INTENTION
TO CREATE NATIONAL OIL COMPANY, INITIALLY TO
PROVIDE R&D FUNDS FOR DEVELOPMENT OF ATHABASCA
TAR SANDS, BUT ALSO TO CREATE MECHANISM FOR FUTURE
OIL PRODUCTION AND MARKETING. AT SAME TIME,
BOTH ALBERTA AND SAS KATCHEWAN HAVE BEEN PROCEEDING
WITH ESTABLISHING THEIR OWN OIL MARKETING ORGANI-
ZATIONS AND LAST WEEK ALBERTA ANNOUNCED ITS DE-
CISION TO INVEST \$100 MILLION IN SITU TECH-
NOLOGY DEVELOPMENT TO GET AT LARGEST PORTION OF
ATHABASCA TAR SANDS RESERVES WHICH NOT SUSCEPTIBLE
TO RECOVERY METHODS PRESENTLY CONTEMPLATED BY
PRIVATE INDUSTRY.
(H) GOC ANNOUNCEMENT OF FULL SUPPORT FOR CON-
TROVERSIAL MACKENZIE VALLEY GAS PIPELINE. THIS
\$5 BILLION PROJECT IS ONLY FEASIBLE IN FORESEE-
ABLE FUTURE IF IT TRANSPORTS ALASKAN AS WELL AS
NORTHERN CANADIAN GAS AND PROVIDES BULK (AT
LEAST INITIALLY) OF ITS DELIVERIES TO U.S.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OTTAWA 00183 03 OF 03 210027Z

61

ACTION SS-20

INFO OCT-01 EUR-25 ISO-00 EB-11 SSO-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 FEA-02 INT-08 COME-00

TRSE-00 NEA-10 OMB-01 SCI-06 IO-14 AF-10 INRE-00

DRC-01 AEC-11 AECE-00 AID-20 STR-08 /190 W

----- 031116

O 202136Z JAN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2528

C O N F I D E N T I A L SECTION 3 OF 3 OTTAWA 0183

MARKETS. THIS INTENDED PRIVATE CONSORTIUM PROJECT IS PRESENTLY IN SOME DIFFICULTY DUE TO EXPECTED COMPETITION FROM EL PASO PROPOSAL WHICH ENVISAGES AN ALL-AMERICAN ROUTE VIA WATER TRANSPORT FROM ALASKA TO U.S. WEST COAST.

(I) ENACTMENT (BUT NOT YET PROCLAIMED IN FORCE) OF ENERGY SUPPLIES EMERGENCY ACT ON JANUARY 12, 1974. THIS LEGISLATION PROVIDES MEANS FOR MANDATORY ALLOCATION PROGRAM OF ANY ENERGY PRODUCT DURING PERIODS OF NATIONAL EMERGENCY WHICH MIGHT BE DECLARED BY THE CABINET AND APPROVED BY HOUSE OF COMMONS. THIS IS ESSENTIALLY STAND-BY LEGISLATION WHICH GOC HAS STATED IT HOPES NOT TO HAVE TO USE.

(J) GOC HAS ALSO URGED ALL-ENERGY CONSERVATION ON VOLUNTARY BASIS BUT HAS NOT APPEARED VERY SERIOUS ABOUT THE NEED FOR SUCH CONSERVATION.

(K) GOC PURCHASED IN DECEMBER AT LEAST ONE MILLION GALLONS OF FUEL OIL IN INTERNATIONAL MARKETS, PRIMARILY AS DEMONSTRATIVE GESTURE OF GOVERNMENT'S INTEREST IN COVERING NEEDS OF POPULATION DURING WINTER MONTHS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00183 03 OF 03 210027Z

KL) GOC REPORTEDLY HAS HAD SOME CONTACTS WITH VENEZUELAN GOVERNMENT CONCERNING POSSIBILITY OF LONG-TERM GOVERNMENT-TO-GOVERNMENT AGREEMENT ON FUTURE OIL SUPPLIES. IN ADDITION, GOC IS EXPECTED TO BEEF UP DIPLOMATIC REPRESENTATION IN MIDDLE EAST OIL-PRODUCING COUNTRIES, PRIMARILY BY OPENING ITS FIRST EMBASSY IN SAUDI ARABIA AS SOON AS SAG AGREES.

(3) EMBASSY KNOWS OF NO REPEAT NO FURTHER ACTIONS OR MEASURES CURRENTLY BEING CONTEMPLATED BY GOC RELATIVE TO ENERGY CRISIS WHICH FOR CANADA REMAINS A "CRISIS" AS YET WITHOUT PAIN. THERE IS POSSIBILITY HOWEVER, OF UNCONTEMPLATED STEPS WHICH MAY RESULT FROM FEDERAL-PROVINCIAL ENERGY CONFERENCE.

D. (1) LATEST AVAILABLE DATA (1972) ON CANADA'S ENERGY CONSUMPTION BY TYPE:

OIL : 44.0 PERCENT

GAS : 19.9 PERCENT

COAL : 10.0 PERCENT
HYDRO : 24.1 PERCENT
WOOD : 1.0 PERCENT
NUCLEAR: 1.0 PERCENT
(2) IMPORTS:

OIL: IN THE FIRST NINE MONTHS OF 1973 CANADA PRODUCED 533 MILLION BARRELS OF CRUDE OIL AND EQUIVALENT, EXPORTED 318 MILLION BARRELS (ALL TO U.S.), AND IMPORTED 237 MILLION BARRELS. MAJOR SUPPLYING COUNTRIES WERE AS FOLLOWS:

VENEZUELA:	108 MILLION BARRELS
IRAN:	36 MILLION BARRELS
SAUDI ARABIA:	23 MILLION BARRELS
TRUCIAL STATES:	22 MILLION BARRELS
NIGERIA:	15 MILLION BARRELS
LIBYA:	11 MILLION BARRELS

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 00183 03 OF 03 210027Z

IN ADDITION, CANADA IMPORTED 31 MILLION BARRELS OF PETROLEUM PRODUCTS DURING THE JANUARY-SEPTEMBER 1973 PERIOD, WHILE EXPORTING OVER 56 MILLION BARRELS. PRODUCT IMPORTS ARE PRIMARILY FROM WESTERN HEMISPHERE (VENEZUELA, NETHERLANDS-ANTILLES, AND THE U.S.) WHILE VIRTUALLY ALL OF ITS PRODUCT EXPORTS ARE TO THE UNITED STATES.

NATURAL GAS: IN 1972 CANADIAN NATURAL GAS INDUSTRY PRODUCED 2,500 BCF, EXPORTED 1,000 BCF (ALL TO U.S.) AND IMPORTED 16 BCF (FROM U.S.).

ELECTRICITY: IN 1972 CANADIAN NET GENERATION WAS 238 BILLION KWH, EXPORTED 10,372 MILLION KWH HOURS TO THE U.S. AND IMPORTED 2,440 MILLION KWH FROM THE U.S.

COAL: IN 1972 CANADA PRODUCED 20.6 MILLION TONS, EXPORTED 9.6 MILLION TONS TO JAPAN, AND IMPORTED 19.4 MILLION TONS FROM THE U.S.

(3) SEE (C) (1) ABOVE FOR 1973 AND 1974 BALANCE OF PAYMENTS INFORMATION.

2. NOTE: MINISTER OF ENERGY, MINES AND RESOURCES MACDONALD IS SCHEDULED TO MEET WITH FEO ADMINISTRATOR SIMON IN WASHINGTON ON JANUARY 31 TO DISCUSS WIDE RANGE OF BILATERAL AND INTERNATIONAL ENERGY ISSUES.
SCHMIDT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, PETROLEUM, LESS DEVELOPED COUNTRIES, FOREIGN MINISTERS MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA00183
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740129/aaaabbel.tel
Line Count: 489
Locator: TEXT ON-LINE
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 12410
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 11 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 APR 2002 by boyleja>; APPROVED <12 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: PREPARATIONS FOR INTERNATIONAL ENERGY CONFERENCE
TAGS: ENRG, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005